

**“AN EMPIRICAL STUDY OF FINANCIAL PERFORMANCE OF SELECTED
PRIVATE SECTOR BANKS OF INDIA”- AFTER COVID-19 ARRIVED**

VASANI SURESHBHAJ VITHALBHAI

E-mail id: - vasanisuresh456@gmail.com

Research Scholar

Department of Commerce

Saurashtra University Rajkot

ABSTRACT: *This paper seeks to evaluate the performance of private sector Banks in India it's also covered the impact of COVID-19 on the banking sector. Nowadays, the banking sector is one of the fastest-growing sectors and lots of funds are invested in banks so that the banking system is becoming more and more complex and therefore there is a strong need to evaluate the performance of the banks. In today's scenario, most of the banks have more NPA, so due to this condition, many banks go to liquation and merger/acquisition so that this paper helps to know the conditions of the private sector banks in India. The author has selected the top 8 private Banks and the researcher has also select as parameters like Net Profit Ratio of the selected banks for the Study. The researcher has used statistical tools for the study is Minimum and Maximum Net Profit Ratio, Descriptive Statistics, and One Way ANOVA test for the evaluation of the performance of Banks. The period for the study was 2011-12 to 2018-19 (March 2020 profit) and this study totally based on the secondary aspect. Here Null hypotheses are rejected it means there is a significant difference in Net Profit of the selected banks. The researcher has also found some effects of COVID-19 on the banking system.*

KEYWORDS: Private Sector Banks, Performance, NPA, Descriptive statistics and, Way ANOVA, and provide-19.

INTRODUCTION:

Banks play a vital role in the Indian Economy because the banking industry handles finances in a country including cash and credit. The main functions of the banks accept deposits from the public and grant credits that need some extra money for the short term as well as long term requirement. The Indian banking system has moved a long way from a totally regulated environment to a deregulated market economy, even though today's many banks are happening merging and bankrupt. As we know, 10 public sector banks were merged with 4

big public sector banks on 30th August 2019, so now public sector banks in India only 10. On other hand, the numbers of private sector banks are reduced to 22. The RBI is the highest banking regulatory body in India. It was established by the RBI Act, 1934 on 1st April 1935 at that time handle by the three private sector banks which imperial bank after that on 1st January 1949 it was nationalized. (Jagranjosh, 2020)

REVIEW OF LITERATURE:

Inak Aldasoro et al (2020) effect of COVID-19 on the banking sector: the market's assessment. This article researcher says that funding conditions remain tight and long term rating outlook has been revised to negative for many banks, especially those with low profitability. (Aldasoro, 2020)

Kavita Chavali and Kishan R. (2012) have analyzed the performance and profitability of public and private sector Banks-An empirical Analysis. Researchers have selected six parameters like Interest Income, Interest Expenditure, Spread, Net profit/Loss, Operating Profit/Loss Na Gross NPA as a percentage of Total assets to analyze the performance and profitability of the Banks. The researcher has used for analyzing the data SD, Coefficient of Variation, and Trend analysis and the time period of the study is 2001-2008. The researcher has found all the hypotheses formulated were accepted except Interest income as a percentage to total assets which shows that the public sector banks have been profitable and researcher has also found high lending rate discourage new and credit worthy borrowers from seeking loans from banks. (Kishan, 2012)

Rohit Bansal and Anoop Mohantray (2013) have a study on the Financial Performance of Commercial Banks in India: Application of CAMEL Model. In this paper, the researcher has selected five banks on the basis of the highest market capitalization and period of the study from 2007 to 2011. On the basis of CAMEL Model, we can give rank to banks on the basis of the study results, 1st Rank: HDFC Bank, 2nd Rank: SBI, 3rd Rank: Kotak Mahindra Bank, 4th Rank: ICICI Bank, 5th Rank: AXIS Bank and researcher have also found from the analysis we can see that highest capitalization but if you check its financial performance. It is not that good and is in the second position it means there no relation between market capitalization and performance of the banks. (Rohit B., 2013)

Mittal and Pachauri (2013) have analyzed in their study on promotional tools and techniques adopted for retail banking compared to the public sector banks and private sector

banks. Their finding is that the perception of customers with regard to the type of promotional tools and the techniques adopted significantly vary between the public sector and private sector banks. (Mittal, 2013)

OBJECTIVES OF THE STUDY:

1. To know the financial performance of the selected banks
2. To study profitability performance of the selected banks
3. Effect of COVID-19 on banks
4. To make suggestions to improve the profitability of the selected banks

HYPOTHESIS OF THE STUDY:

- H0 = There is no significant difference in Net Profit of the selected banks.
- H1 = There is a significant difference in Net Profit of the selected banks.

METHODOLOGY USED BY THE RESEARCHER:

The researcher has select banks on the basis of a simple random sampling method and used statistical tools like descriptive statistics, One Way ANOVA test knows the performance of selected banks for the study and main parameter used by the researcher is Net Profit Ratio of 8 selected private sector banks of India.

DATA ANALYSIS:

The following information is collected by researcher from various sources (Annual report)

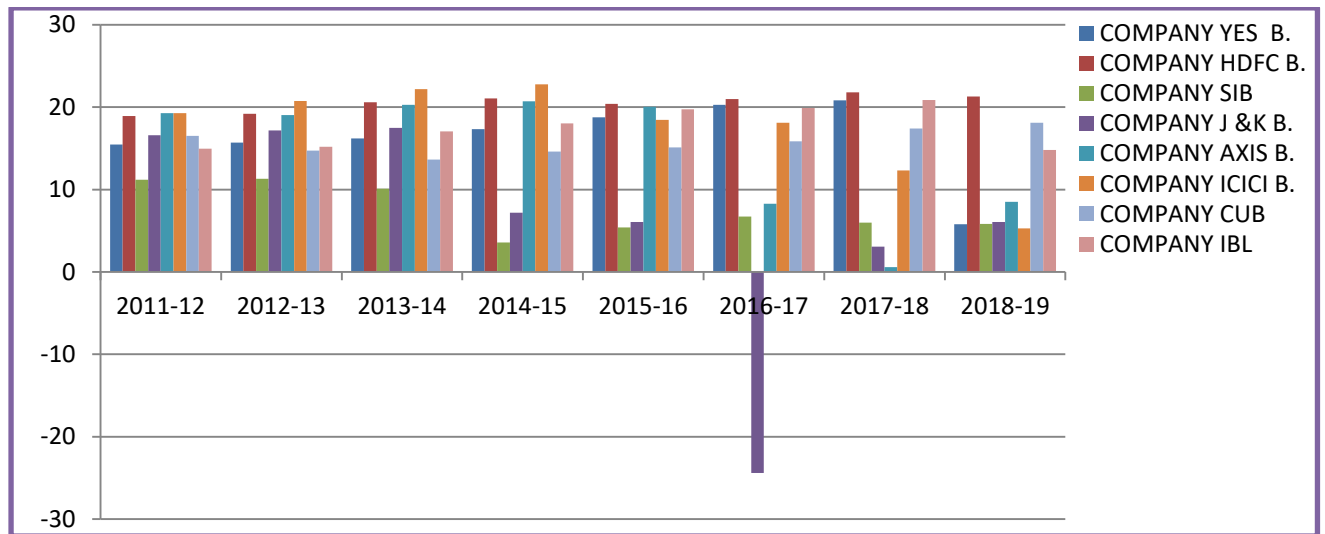
Table No: 1.1 Net Profit Ratio (%)

YEAR	COMPANY							
	YES B.	HDFC B.	SIB	J&K B.	AXIS B.	ICICI B.	CUB	IBL
2011-12	15.48	18.93	11.20	16.61	19.28	19.27	16.51	14.97
2012-13	15.68	19.18	11.32	17.19	19.05	20.77	14.71	15.19
2013-14	16.20	20.61	10.11	17.47	20.29	22.20	13.63	17.05
2014-15	17.32	21.07	3.59	7.20	20.73	22.76	14.63	18.05
2015-16	18.76	20.41	5.40	6.07	20.06	18.44	15.10	19.74
2016-17	20.27	20.99	6.71	-24.41	8.26	18.09	15.84	19.90
2017-18	20.84	21.79	5.99	3.06	0.60	12.33	17.39	20.86
2018-19	5.80	21.29	5.81	6.05	8.50	5.30	18.12	14.82
PROFIT: MARCH-2019	8410.31	28045.05	1735.16	2069.90	15091.47	19503.10	984.56	2868

PROFIT: MARCH- 2020	5842.4 1	31795. 05	1967. 31	2067.3 6	16503. 10	21740. 68	1060.8 7	4458
Minimum	5.80	18.93	3.59	-24.41	0.60	5.30	13.63	14.82
Maximum	20.84	21.79	11.32	17.47	20.73	22.76	18.12	20.86
Mean	17.79	20.43	7.76	6.17	15.47	19.12	15.40	17.97

(Sources: Annual Report of the Company)

Chart No: 1.1



(Sources: Annual Report of the Company)

Analysis:

Above table No: 1.1 shows the net profit of the selected five private banks in India. The above ratio is five years which was 2011-12 to 2018-19 the NP of the Yes bank highest in the year 2017-18 which is 20.84% and lowest in the year 2018-19 which was only 5.80% and other year fluctuated. The profit of yes bank was reducing due to some frauds. The profit of the HDFC bank 21.79% in the year 2017-18 and lowest in the year 18.93% means the performance of the HDFC was good. The profit of SIB is very lower in the selected sample in the study like highest in the year 2013-14 which was 17.47%. In one year profit of the J & K was very low -24.41 it means the company got lost in that year. The profit of the J & K bank fluctuates during the selected study period. The profit of the Axis bank was higher in the starting year but then after it was reduced year by year. The profit of the Axis bank was in the year 2017-18 which was only 0.60%. The profit of the ICICI was good during the study period but it is decreasing in trend. The profit of the CUB bank good performing in the market because this bank's profit was not high fluctuated that's why we can say that banks

have a good position in the market. The profit of the IBL bank was also good performing in the market the highest profit in 2017-18 20.86% and lowest in the year 2018-19. Profit of yes bank was highly reduced in march-2020 and in other banks it was not highly influencing on profit. After arrived COVID-19 it is not highly influential on banks.

MAJOR FINDINGS:

H_0 = There is no significant difference in Net Profit of the selected banks.

H_1 = There is a significant difference in Net Profit of the selected banks.

H_0 = There is no significance difference of Net Profit of the selected banks.

H_1 = There is a significance difference of Net Profit of the selected banks.

Table No: 1.2 Descriptive Statistics Result

Descriptive								
NP								
Name of Banks	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
Yes bank	8	16.29	4.70	1.66	12.36	20.23	5.80	20.84
HDFC Bank	8	20.66	1.05	0.37	19.78	21.54	18.93	21.79
South Indian Bank	8	7.52	2.94	1.04	5.06	9.98	3.59	11.32
Jammu.& kash.. bank	8	12.26	7.61	2.69	5.90	18.62	3.06	24.41
Axis bank	8	14.60	7.70	2.72	8.16	21.03	0.60	20.73
ICICI Bank	8	17.40	5.86	2.07	12.50	22.29	5.30	22.76
City Union Bank	8	15.74	1.52	0.54	14.47	17.01	13.63	18.12
Indusind bank ltd	8	17.57	2.43	0.86	15.54	19.61	14.82	20.86
Total	64	15.25	5.93	0.74	13.77	16.74	0.60	24.41

Table No: 1.3 Calculation of ANOVA

ANOVA					
NP					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	878.188	7	125.46	5.24	0.00
Within Groups	1340.91	56	23.945		
Total	2219.1	63			

Analysis: The above ANOVA table indicates the significance value is less than 0.05% so that H₀ (Null hypothesis) fails to accepted at a level of 5%. The result indicates there is a significant difference in the net profit of the selected bank in India.

CONCLUSION AND UTILITY:

1. Inside the Jammu and Kashmir Bank suffered losses in the year 2016-17 due to the tune of Rs 16,000 crores during the five-month-long unrest in the Kashmir valley due to a complete halt of economic activity with loss of property worth crores of rupees.
2. Yes, bank collapse due to these reasons deteriorating financial position, Governance Issue, False Assurance to customers, Non-serious investors, Non-market-led revival in sight, Outflow of Liquidity, and due to Non-Disclosure practices now this Bank collapse.
3. The performance of the HDFC Bank is continuously in good condition because of profit and Management of the HDFC Bank is proper.
4. The net profit of SIB Bank is very slowly inside the SIB Bank is growing very slowly declining so it has not seen any effect on the market.
5. Axis Bank and ICICI Bank are slowly declining within the market so investors should not invest within this Bank.
6. Other Bank performances fluctuate during the study period.
7. From the above analysis, all Banks has different Net profit ratio during the study period because in all case Null hypotheses are rejected so that we can say that there is no significant difference between selected banks and selected period of the study.

8. The government has decided rupees 2 lakh crore concessional credit boost to 2.5 crore farmers through Kisan credit cards it also affects the banking sector.
9. The NPA ratio in India is likely to face similar to china's is increase due to COVID-19.
10. Due to cover-19, a businessman does not take a loan and due to this condition banks are going down, it may happen some loan taker not repay his/her loan.
11. Asia specific government, central bank and supervisory authorities have rolled out diverse measures to injection, targeted loans to affected industries and regions policy rate acts.
12. It also supports for banks to provide forbearance to otherwise economically viable household and business sideswiped by COVID-19.
13. The RBI was announced seventh bi-monthly monetary policy on 27th March-2020, reduced RR by 75 basis point to 4.40%. it was also reduced Rupees 3.74 lakh crore liquidity to banks through the reduction in CRR by conducting targeted long term repos operation and increasing the limit of MSF to 3%.
14. Due to COVID-19 decreased productivity of bans and lockdowns has still going on due to that condition supplies of money are reduced.

LIMITATION OF THE STUDY:

1. The data, which is used for this study, is based on the annual report of the banks and secondary data collected from RBI & IBA Bulletin published from time to time and different banks report. Therefore the quality of this research paper depends on the quality and reliability of data published in annual reports.
2. The study is confined to five years of data only (2011-12 to 2018-19). A detailed analysis covering a lengthy period, which can give slightly different results, has not been made.

REFERENCE LIST:

1. Charumathi B. "Banking and Indian Financial System", Lesson- 1.1, 1.2.
2. Babasaheb Single, Dr. T. N. Salve, Dr. M. U. Mulani, "Fundamental of Banking.
3. C.R.Kothari. (2004). Research Methodology. New Delhi, India: New Age International (P) Ltd, Publishers.

4. Priti R.M., P. K. (2017). Research Methodology. Mumbai, Maharashtra, India: Himalaya Publishing House Pvt. Ltd.
5. Aldasoro, I. (2020, March 7). Effect of Covid-19 on the Banking Sector: Market's assessment. www.bis.org, 1-4.
6. Goyal R., K. R. (2008). Performance of New Private Sector Banks in India. International Journal of Data and Network Security, 1-11.
7. Jagranjosh. (2020, February 25). 5. Retrieved from <https://www.jagranjosh.com/general-knowledge/list-of-all-public-and-private-sector-banks-in-india-1582542534-1>: <https://www.jagranjosh.com/>
8. Kishan, C. K. (2012, February 25). Performance and Profitability of Public and Private Sector banks- An Empirical analysis. AJRBF, 15.
9. Mittal, S. a. (2013). A Comparative Analysis pf Promotional Tools and Techniques Adopted For retail banking in Public Sector and Private Sector Banks. Journal of Business Management & Social science Research, 43-53.
10. Rohit B., M. A. (2013). A Study on Financial Performance of Commercial Banks in India: Application of CAMEL Model. Al-Barkaat Journal of Finance & Management, 21.